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**FISCAL IMPACT STATEMENT**

**LS 6738**

**BILL NUMBER:** HB 1329

**NOTE PREPARED:** Jan 9, 2013

**BILL AMENDED:**

**SUBJECT:** Charging of Employer Unemployment Experience Accounts.

**FIRST AUTHOR:** Rep. Hamm

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:**     **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** The bill provides that after December 31, 2013, unemployment benefits paid to an eligible individual are charged to the experience or reimbursable account of the separating employer, which is the last employer of an eligible individual. (Currently, benefits are charged proportionately to the experience or reimbursable accounts of the individual's base period employers in reverse chronological order.)

The balance of an employer's experience or reimbursable account directly impacts the Unemployment Insurance (UI) premium rate paid by that employer.

**Effective Date:** July 1, 2013.

**Explanation of State Expenditures:** The state is a reimbursable employer for purposes of UI. Reimbursable employers are not-for-profit and governmental employers that reimburse the UI Trust Fund for benefit payments to their former employees in lieu of paying regular employer unemployment premiums. Therefore, this bill will not affect the state as an employer, as changes in employer experience accounts will not affect the state's payments into the UI system.

**Background: Experience or Reimbursable Account:** An employer's experience account consists of all UI premiums, voluntary payments, reimbursements, and mutualized benefit charges, as well as money drawn from the employer's account for UI benefits paid to former employees, employees working reduced hours, and laid-off employees. UI benefit payments are charged proportionately against all the accounts of a claimant's employers who paid that claimant's wages during the base period. The experience account and whether or not

it has a credit reserve (where premiums paid exceed benefits paid) or debit reserve balance (where benefits paid exceed premiums paid) has a direct impact on the amount of UI premiums paid by employers. Employers who have an experience account with a credit reserve balance will pay lower UI premiums than those with a debit reserve balance.

*Base Period:* An individual's base period consists of the first four of the last five completed calendar quarters. For the purposes of this bill, a claimant may have more than one base period employer.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** The impact on local units of government would be as an employer. Local governments may choose to be a reimbursable employer, which would mean that changes in employer experience accounts would not affect their payments into the UI system.

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Department of Workforce Development.

**Local Agencies Affected:**

**Information Sources:** Indiana Department of Workforce Development *Unemployment Insurance Employer Handbook*, <http://www.in.gov/dwd/2614.htm>.

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